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REAGAN WILL 'KEEP FIGHTING' FOR COVERT AID BY HELEN THOMAS WASHINGTON

President Reagan, vowing to ''keep fighting'', is accusing lawmakers who cut off CIA covert funding for anti-Sandinista rebels of ''supporting a totalitarian dictatorship in Nicaragua''.

Reagan made the remarks Friday at a luncheon meeting he hosted for 85 Republican elected women officials before taking off for Camp David.

But House Speaker Thomas O'Neill dismissed Reagan's charge as ''sheer demagoguery.''

''The president knows full well that Congress ended our support of the rebels in Nicaragua out of respect for international law and out of conviction that we should settle our disputes with Nicaragua's government through diplomacy not violence,'' O'Neill said in a statement.

Reagan said the blocking of \$21 million in clandestine aid for the Nicaraguan contras would ''drastically and dramatically affect U.S. policy in Central America.''

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The Republican-controlled Senate earlier this week went along with the House in dropping the aid to the Nicaraguan rebels in order to pass a politically appealing package of domestic spending increases. Included were funds for summer youth jobs, to which the administration had tied the aid.

In replying to a question on the aid cutoff, Reagan said:

''We're not going to give up on that fight. ... We're just going to have to keep fighting and convince the people of this country that to listen to those who would shut off Nicaragua is to listen to people — the same people —— who criticize and say we're willing to support right-wing dictatorships but never do we see anything from the left.

''Well, we're supporting people who are fighting for democracy and freedom, and those people who shut off that aid are supporting a totalitarian dictatorship in Nicaragua,'' he said.

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